Exchange Overview

The Patient Protection and Affordable Care Act

June 7, 2010
Iowa Legislative Health Care Coverage Commission
Anne Kinzel

This presentation has been prepared for the Commission's Workgroup No. 3 meeting held in Des Moines on June 7, 2010

Reform Impacts

- Delivery System and Payment Reform
- Selected Employer Impacts
- Private Insurance Market
- Health Insurance Exchanges
- High Risk Pools
- Public Program Expansion and Eligibility

PPACA Organization

- Title I Quality, Affordable Health Care for All Americans
- Title II Role of Public Programs
- Title III Improving the Quality and Efficiency of Health Care
- Title IV Prevention of Chronic Disease and Improving Public Health
- Title V Health Care Workforce
- Title VI Transparency and Program Integrity
- Title VII Improving Access to Innovative Medical Therapies
- Title VIII Community Assistance Services and Supports
- Title IX Revenue Provisions
- Title X Strengthening Title I

Health Insurance Exchanges
Basic Provisions

- Federal government will provide grants for states to establish **American Health Benefit Exchanges** (§1311) – **Exchanges must be established by 2014**.
  - For use in purchasing individual/family coverage.
  - By 2015, grants terminate and exchanges required to be self-sustaining.
  - After 2017, states can open exchanges to business with > 100 employees
- Separate state-based **Small Business Health Options Programs** (SHOP) exchanges (≤ 100 employees) to help small employers with coverage.
- States will be allowed to combine the 2 exchanges.
- Office of Personnel Management is to arrange for at least 2 nationally qualified health plans in each Exchange.

Health Insurance Exchanges
Federal Role

- HHS Sec. will establish standards and operational requirements for exchanges (§1321):
  - Establish criteria for certification of **Qualified Health Plans** that provide an **essential benefit package** available on exchanges.
    - All qualified plans will have to offer essential benefits (ambulatory patient services; emergency services; hospitalization; maternity and newborn care; mental health and substance use disorders; prescription drugs; rehabilitative services and devices; laboratory services; prevention and wellness services and chronic disease management; and pediatric services (§1301)
  - Establish system for making comparisons between Qualified Health Plans.
- If, on or before Jan. 1, 2013, HHS Sec. determines that a state will not have an operational exchange by 2014, Sec. can operate an exchange in the state.
- Plans offered on exchanges will be required to make extensive disclosures on coverage, policies, enrollee rights, other consumer information.
- HHS will establish procedures to allow brokers to assist individual/group enrollment.

Health Insurance Exchanges
States' Roles

- Certify plans that can be offered for sale on an exchange
- Rate plans on quality & cost.
    - HHS to develop minimum benefit standards, with states allowed to require benefits beyond the minimum, but will be required to pay the extra costs for persons receiving coverage subsidies. (§1311)
- Facilitate plan comparison & purchase by individuals & small employers.
- Assist eligible persons in enrolling in public coverage.
- Certify persons for exemption from individual mandate.

Health Insurance Exchanges
Additional State Considerations

- **Abortion Coverage**
  - States may prohibit abortion coverage in exchange plans.
  - Plans in an exchange may choose whether or not to cover abortions.
  - Segregated funding required for plans in exchange providing abortion coverage.
  - Qualified Health Plans may not discriminate against providers or facilities because of an unwillingness to provide, pay for or refer for abortions.

Health Insurance Exchanges
Additional Provisions

- **Benefit Packages (§1302)**
  - All plans required to provide basic services.
  - 4 benefit packages will be available, based on actuarial value:
    - Bronze = 60%, Silver = 70%, Gold = 80% & Platinum = 90%.
  - **Catastrophic plans** will be available for young adults and for persons exempted from coverage mandate
    - Catastrophic plans must include essential benefits & min. of 3 primary visits/year, but are allowed higher cost-sharing limits.
- Members of Congress & their personal staffs will have to obtain their insurance through an exchange.

Health Insurance Exchanges
Additional Provisions, Cont.

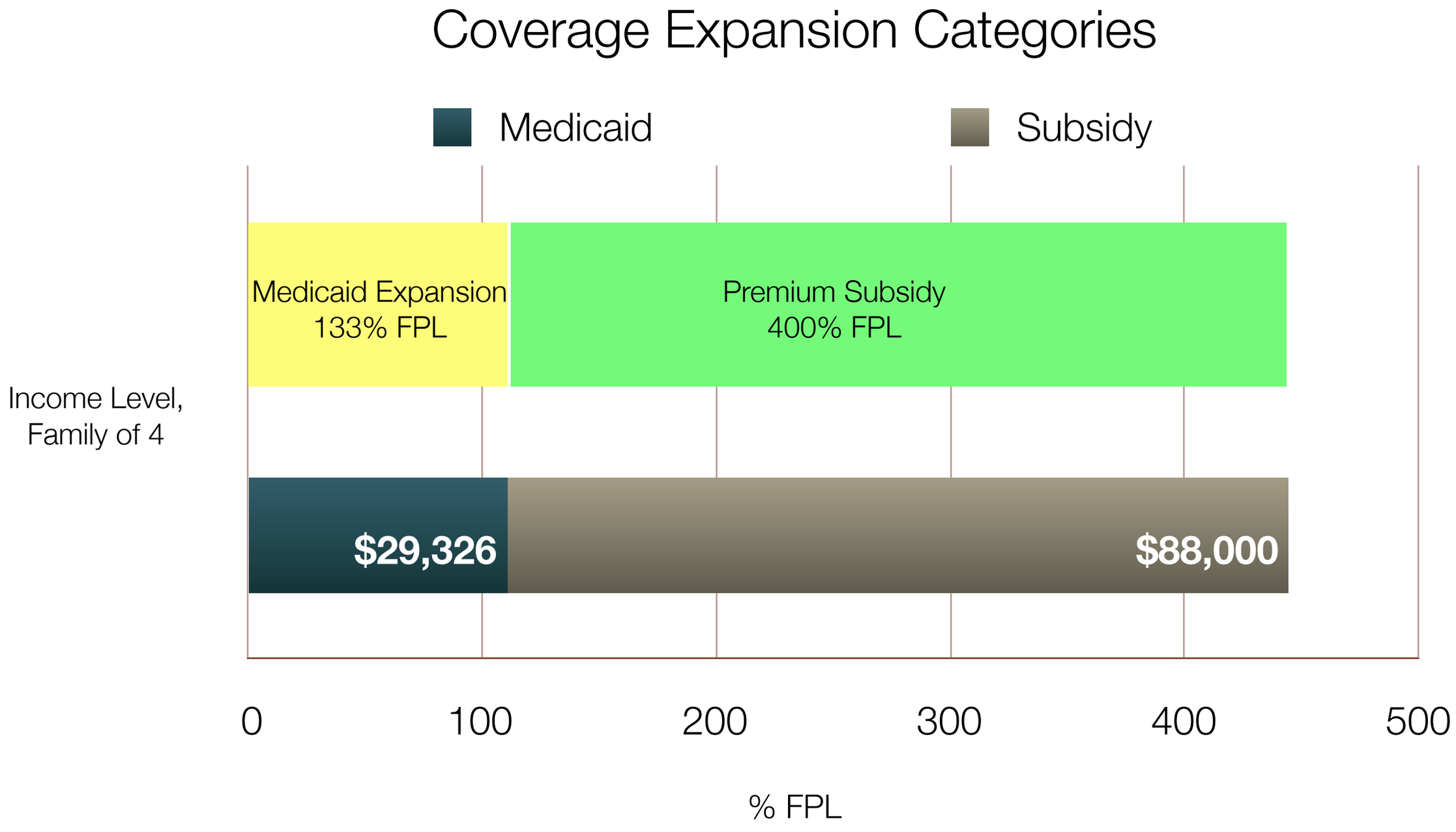
- **Eligibility**
  - U.S. citizens & legal immigrants (not incarcerated). (§1312)
- **Outreach & Enrollment Through State-Based Web Sites** (§2201)
  - Individuals will be able to apply for, and enroll in:
    - Medicaid
    - CHIP

Health Insurance Exchanges
Additional Provisions, Cont.

- **Premium Assistance – Jan. 1, 2014** (§1401)
  - Individuals & families with incomes < 400% FPL will be eligible for premium assistance (refundable tax credits) to purchase exchange based policies.
    - Individuals & families with incomes < 133% FPL premium assistance must receive assistance limiting premium cost to < 2% of income.

- **Cost Sharing Caps** (§1402)
  - Out-of-pockets costs caped at:
    - $5,950 for individuals
    - $11,900 for families

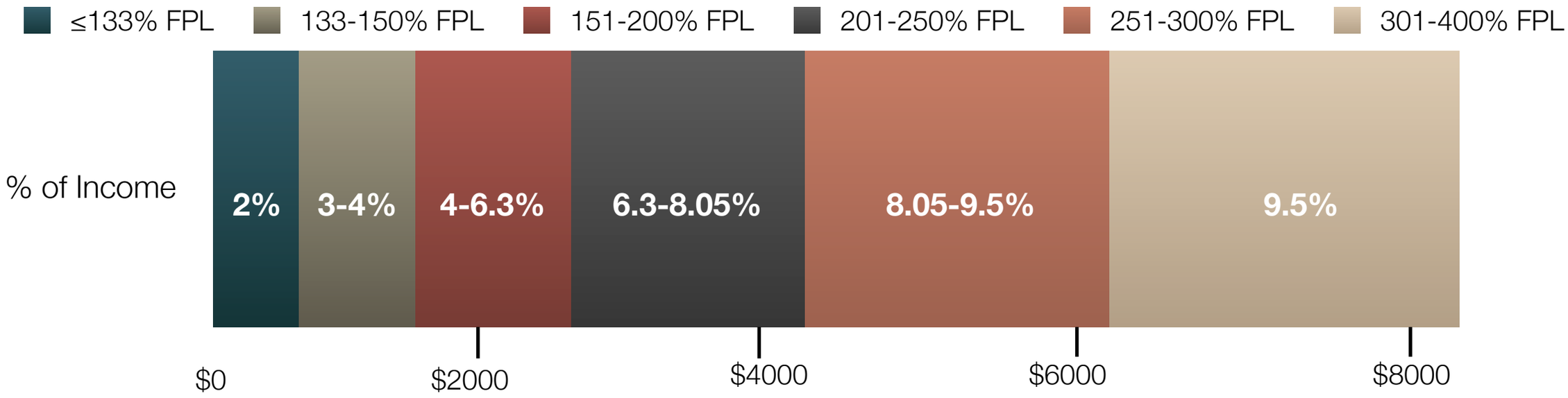
Public Program Expansion and Eligibility
Medicaid Expansion & Premium Subsidies



Iowa Legislative Health Care Coverage Commission

Public Program Expansion and Eligibility
Federal Premium Subsidies

Max. Premium Contribution Based on Sliding Scale
as a Percent of Income



Annual Premium for a Family of 4

Based on Income for Family of 4 (133% FPL = $29,320)
Ave. Annual Family Premium = $13,375

Source: Blewett, L. PPACA Impacts for Minnesota. Shadac. Apr. 8, 2010. http://www.slideshare.net/soder145/patient-protection-and-affordable-care-act-ppaca-impacts-for-minnesota

Health Insurance Exchanges
Interesting Employer Provision

- **Vouchers** for lower-income employees to purchase coverage on an exchange:
  - Employers must provide vouchers to employees earning less than 400% FPL who have to pay between 8% & 9.8% of income for coverage under the employer's plan, and who elect to use an exchange rather than participate in the employer's plan.
    - No employer penalty owed for that employee
  - Amount of voucher is the amount the employer would have contributed for an employee's coverage.

Health Insurance Exchanges
What Do We Really Know?

- **Massachusetts Living Lab**
  - "Connector" exchange works well
  - Increased the covered population
  - 98% compliance with individual mandate
  - - Increased ER utilization
  - Lack of access to MDs (especiallyPCPs)
    - Premiums continue to increase at rate above national avg.
  - Mass. continues to rely on massive federal subsidies
  - Mass. is suing insurance companies over premium increases and threatening price controls on providers

Exchange Overview

The Patient Protection and Affordable Care Act

This presentation has been prepared for the Commission's Workgroup No. 3 meeting held in Des Moines on June 7, 2010. Please contact Anne Kinzel, Coordinator, Iowa Legislative Health Care Coverage Commission – akinzel@mac.com for further information.